When a certain matter is brought before him, he will discuss it with them, and will tell them what that action is taken on it, and so on. He notes all those facts in his diary. These orders were issued by Dewan Mr. Krishnan Nair and are still being carried out. All these diaries come to me and I send them to the Government.

MR. C. P. THOMAS (*Nominated*): May I ask Mr. Robinson whether it is not advantageous to the public to know as much as possible with regard to these points? Have the Government any objection in publishing them? In that way, the people will be able to know the nature and the amount of work done by these District officers and the result of their work.

MR. S. C. H. ROBINSON (*Land Revenue and Income Tax Commissioner*): I do not think it is of any use to make statements in the administration reports that the District officers met such and such persons and such and such notes were recorded.

MR. C. P. THOMAS (*Nominated*): It need not necessarily be in a tabular form. It is enough if they give the results of their work.

MR. S. C. H. ROBINSON (*Land Revenue and Income Tax Commissioner*): I will make a note about that.

MR. C. P. THOMAS (*Nominated*): I wish Mr. Robinson would answer Mr. Tarakan's question, namely, whether information is given to a party when an application for including his name in the *Thandapper* Register is rejected.

MR. S. C. H. ROBINSON (*Land Revenue and Income Tax Commissioner*): I will make enquiries about that. I think Mr. Tarakan might write to me demi-officially if it is not being given in any particular instance.

MR. C. P. THOMAS (*Nominated*): In the light of the explanation of Mr. Robinson, I withdraw the motion.

The motion was, by leave of the House, withdrawn.

DEPUTY PRESIDENT: The question before the House is that a sum not exceeding Rs. 8·24 lakhs under Demand III—Land Revenue—be granted.

The motion was carried and the grant was made.

DEMAND IV—TAXES ON INCOME—Rs. '14 LAKH.

MR. S. C. H. ROBINSON (*Land Revenue and Income Tax Commissioner*): I rise to move for a grant not exceeding Rs. '14 lakh under Demand IV—Taxes on Income.

2. TAXES ON INCOME.

Motions 163 to 165.

The following motions were deemed not to have been made as the members were absent:—

MR. G. RAMAN MENON:

163. To reduce the allotment of Rs. 4,188 for establishment by Rs. 240.

MR. S. PIRAVIPERUMAL PILLAI:

164. To omit the allotment of Rs. 100 for Law charges.

MR. G. RAMAN MENON:

165. To omit the allotment of Rs. 100 for Law charges.

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Motion 166.

MR. T. J. MATTHEW (*Changanachery* cum *Peermade*) : Sir, I move the following motion :—

166 To reduce the total allotment of Rs. 14 lakh under Demand IV by Rs. 5.

I gave notice of this motion with the object of discussing the irregularities in the working of the present Income Tax Regulation. I touched upon the point in my speech during the general discussion on the budget and I shall restrict my observations to the same. One matter I wish to urge is that applications for refunds under Section 36 of the Regulation should be disposed of with promptitude. I am given to understand from reliable quarters that there are applications under Section 36 still pending for not only months, but years. Tax on income has already been received by the Government from the companies and it is only a portion of that that is refunded under Rule 36. The amount to be refunded will be very small and it is very troublesome for those persons to go to the office of the Division Assistant or the Collector for the purpose of receiving the amount from places far away from the headquarters of the Division. Of course, if the amount to be received was a big one, he would have spent some time upon it. But as the amount is generally small, it is very troublesome to go again and again and hang about the office urging every clerk to see to the prompt disposal of the application. I have had complaints made that even if strenuous efforts are made in that direction, it is not possible to get refunds. The Government must be very particular to see that money unnecessarily received from the parties are refunded without any loss of time.

Another irregular practice going on in some of the offices of the Income Tax Collectors is the violation of the rules introduced by the amended Regulation. That relates to the provision which says that income of a particular year will be taken to be the income of the next year. But when the income of the previous year or of a particular year is learnt from the books of account, the Collectors, for the sake of convenience, fix that amount as the income of both the years. That of course may be beneficial to some assessees, but to some, it may be a source of loss. I do not see why the Government should violate the provisions of the Regulation. The complaint is that though the rules are clear on the subject, the officers concerned do not adhere to the rules, and when questioned, they excuse themselves by saying that there are certain confidential circulars and so on. Whatever that be, the practice I submit is not healthy. The officers must adhere to the Regulation and the rules and unless a regular basis is established in the working of the Income Tax Regulation—

DEPUTY PRESIDENT: What is your objection to the Collectors assessing the same amount as was assessed in the previous year?

MR. T. J. MATTHEW (*Changanachery* cum *Peermade*) : The income of the last year has to be ascertained on the income of the year before.

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DEPUTY PRESIDENT: If it is less, he will be entitled to refund.

MR. T. J. MATTHEW (*Changanachery* cum *Peermade*): The Regulation says that adjustment will not be made. I therefore urge that the Government should take the necessary steps to expedite the disposal of the refund applications and to stop the irregular practice referred to.

MR. S. C. H. ROBINSON (*Land Revenue and Income Tax Commissioner*): Sir, about the delay in granting refunds, I am sorry to hear that, and I will suggest that if the parties do not get a refund, they should write to me about it. It is not a question of appeal and it does not require stamp. It is enough if they write. Sometimes a party may not like to go to a distant office for his money. But he can write to the Tahsildar to send it by money order. If that is not carried out, he may write to the Dewan Peishkar or to me for getting the refund. Of course, in some cases where the amount is small, we generally credit the new year's adjustment with the balance due to the party. That is an easier way, and that is generally accepted. Any how with regard to delays, I hope complaints will be sent to the immediate superiors.

As regards the violation of the Regulation, I cannot say anything just now because specific instances have not been put forward. I am the chief authority on the subject and I cannot say anything here. It is not possible for me to speak on hypothetical points. The violation of the laws or other irregularities should be brought forward by [appeals. There are very few appeals now-a-days and, in course of time, I hope the necessity for appeals will become less and less.

MR. K. C. MAMMEN MAPPILLAI (*Commerce and Industry, North*): It is a complicated business to understand the balance-sheets and the account-books of any large business firms. Those of us who have tried to understand the money articles and exchange rates in newspapers, know what a hopeless task it is. The balance-sheets and the various items in the account-books of a firm cannot be properly comprehended except by those who have received the proper technical training, and who have been trained to understand things from very early times. In the case of exceptionally gifted persons, it may be possible even in later life to understand them. But in the case of the great majority of us, that is almost impossible. These account books look like Greek to us. My point is that the consequence is that higher officers, the so-called responsible officers like the Division Assistants, are really, in this matter, in the hands of subordinate, irresponsible clerks. The result of entrusting this business to these clerks is very detrimental to the parties. I am speaking from years of close personal acquaintance with the way in which this matter is being handled in the important town of Alleppey.

I will give one glaring instance, namely, the recent Income-tax defalcation case in Alleppey in which it was revealed that these defalcations extended over a long period. I do not know for what all defalcations the particular clerk was responsible. There is the Division Assistant who is supposed to have a control over these matters. I am sure

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[Mr. K. C. Mammen Mappillai.]

very few officers are able to understand such things. The clerks would tender his 'advice' to the Division Assistant and he will say the same thing to the party. You have to satisfy these clerks who are running the office. If an examination on this subject is held among the various Division Assistants and the Collectors who are the responsible officers, I am sure 99 per cent. or 100 per cent. of them will be completely ploughed. There is no doubt about it. Their knowledge about the subject is very very hazy. And what was revealed at the Income Tax office at Alleppey, I think, will be found to exist more or less in other offices also. Even if a Division Assistant is competent, he has not the time to attend to this work. He has more important business to attend to. Therefore, owing to want of previous training, owing to want of natural aptitude, and for various other reasons, the whole business is entirely in the hands of low-paid clerks. The object of the Government in entrusting this business to responsible officers is completely defeated by the present system. After considering this question for a long time and discussing the matter with several persons in the department, it has occurred to me that it will be highly desirable to appoint two or three Special Assistants to the Income Tax Commissioner. They must be persons who possess the necessary aptitude and experience in this business. The irregularities complained of will then no longer continue. The Tahsildar may continue as Collector. But the Division Assistants may be replaced by these officers. This is an absolute necessity. For want of some such arrangement, the public are made to suffer heavy losses. There are also persons who escape very lightly, because they had previously placated these people. But then, that results in a serious loss to the Government and to the people who do not stoop to this practice. From the standpoint of the business community and from the standpoint of the public, the present system must be condemned in unqualified terms. The inevitable unpopularity of collecting income tax is not what I am referring to, but the avoidable defects of the present arrangement. If my suggestion is carried out, and if the greatest care is taken to select entirely reliable and competent officers, a great deal of the injustice that really exists now will be removed. I invite the attention of the Revenue Commissioner and the Government to this matter.

If time permitted, I could relate several instances of the rigid and unsatisfactory way in which the system is now worked. Take the case of a person who made a profit of thousand rupees in one year but suffered a loss of twenty thousand the next year. There is a famous case of an Alleppey merchant who was assessed a large sum of money as income tax. He protested that he had suffered a tremendous loss, but he was made to pay a very large sum as income tax. A few months later, he became a bankrupt and it was then revealed that, in the previous year, he had sustaind a heavy loss. There seems to exist an understanding among the officers of the department that the income

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tax in any one year should not go below the previous year's figure, but must go higher and higher, if possible. Therefore, whatever the complaint of the parties may be, the unwritten rule of the department is being strictly enforced. I am sure it is not the fault of the Commissioner. It is admitted everywhere that he is a very conscientious officer and has done his level best to remove these difficulties. But he is only one man and it is the system that is faulty. Therefore I sincerely trust that as a help both to the Government, to Mr. Robinson and to the people, some such measure as I suggested will be put into force.

MR. T. J. MATTHEW (*Changanachery* cum *Peermade*) : As regards the question of disposal of applications for refunds, I have already interpellated on that matter and, I believe, the answer will be given in this session itself. When the matter is brought to the notice of the Income Tax Commissioner, I believe he will understand how many applications are still pending in the different offices of the Collectors.

As regards the complaint made by Mr. Mammen Mappillai, I support him and invite the attention of the Government to that serious matter. After hearing the Commissioner's final reply, I will consider what more I have to say.

MR. S. C. H. ROBINSON (*Land Revenue and Income Tax Commissioner*) : As regards Mr. Mammen Mappillai's remarks about the work in the Division Assistants' offices, the trouble is that they have such heavy criminal work so that they have very little time to attend to income tax work.

As regards his complaint about the Alleppey case, the point is that certain firms were sending money—

DEPUTY PRESIDENT : He only gave it as an example. You need not explain it in detail, I think.

MR. K. C. MAMMEN MAPPILLAI (*Commerce and Industry, North*) : I only mentioned it as instance. I never wanted any defence or explanation.

MR. S. C. H. ROBINSON (*Land Revenue and Income Tax Commissioner*) : Mr. Mammen Mappillai's suggestions will be noted. I do not think there is any feeling among the Dewan Peishkars or the Government that there should not be any fall in the income tax. In fact, I know one Tahsildar, who was rather keen in collecting revenue, got into trouble for not being correct in his assessments. A lot of appeals against his assessment was decided against him as a result of which he was not considered to be a good officer. Many of his assessments were revised. It went against him for having unduly assessed many persons. I do not think there is anything more for me to say.

MR. T. J. MATTHEW (*Changanachery* cum *Peermade*) : In view of the explanation given by Mr. Robinson, I withdraw the motion.

The motion was, by leave of the House, withdrawn.

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Motion 167.

The following motion was deemed not to have been made as the member was absent:—

MR. S. PIRAVIPERUMAL PILLAI:

167. To reduce the allotment of Rs. ·14 lakh under Demand IV by Rs. 100.

DEPUTY PRESIDENT: The question before the House is that a sum not exceeding Rs. ·14 lakh under Demand IV—Taxes on Income-be granted.

The motion was carried and the grant was made.

The Council adjourned at 5-20 P. M. to meet again at 11-30 A. M., the next day.

T. P. RAMASUBBA AIYAR,
Secretary to the Legislative Council.

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